



Hawthorn
RESOURCES

ABN 44 009 157 439

Level 2, 90 William St
Melbourne Victoria 3000
Australia

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Facsimile: +61 3 9605 5999

Email: info@hawthornresources.com

Website : www.hawthornresources.com

19 October 2010

**THE MANAGER
COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

Dear Sir/Madam

Hawthorn Resources Limited

re: Initial Substantial Shareholders Notice – Form 603

The Company has today received an Initial Substantial Shareholder Notice – Form 603 from Messrs M G Kerr & M E Elliott together with a certified true copy on a Co-Operation Deed executed between themselves and Legacy Iron Ore Limited.

The Company has been requested by Messrs M G Kerr & M E Elliott to release these documents on their behalf to the ASX which are attached herewith.

Yours faithfully
Hawthorn Resources Limited

per Mourice Garbutt
Company Secretary

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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme **HAWTHORN RESOURCES LIMITED (HAW)**

ACN/ARSN **009 157 439**

1. Details of substantial holder (1)

Name **MARK EDWARD ELLIOTT AND MARK GREGORY KERR**

ACN/ARSN (if applicable)

The holder became a substantial holder on **15/10/2010**

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|-------------------------|----------------------|--------------------|------------------|
| ORDINARY SHARES | 299,026,956 | 299,026,956 | 17.04% |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|-----------------------------|--|--------------------------------|
| LEGACY IRON ORE LTD | Legal and beneficial ownership | 228,839,384 ordinary shares |
| MARK EDWARD ELLIOTT | Relevant interest through shareholding interest in Decoland Holdings Pty Ltd <MEE Super Fund> | 20,000,000 ordinary shares |
| MARK EDWARD ELLIOTT | Control over exercise of voting rights attached to shares in the Company in which Legacy Iron Ore Ltd has a relevant agreement, pursuant to a co-operation deed dated 3 October 2010 | 228,839,384 ordinary shares |
| MARK & LINDA KERR | Legal ownership as trustees of superannuation fund | 36,698,833 ordinary shares |
| MARK GREGORY KERR | Relevant interest through shareholding interest in Lindmark Investments Pty Ltd | 8,350,000 ordinary shares |
| MARK GREGORY KERR | Relevant interest through shareholding interest in Berkeley Consultants Pty Ltd | 5,138,739 ordinary shares |
| MARK GREGORY KERR | Control over exercise of voting rights attached to shares in the Company in which Legacy Iron Ore Ltd has a relevant interest, pursuant to a co-operation deed dated 3 October 2010. | 228,839,384 ordinary shares |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Class and number of securities |
|------------------------------|---|--|--------------------------------|
| LEGACY IRON ORE LTD | Legacy Iron Ore Ltd | N/A | 228,839,384 ordinary shares |
| MARK EDWARD ELLIOTT | Decoland Holdings Pty Ltd <MEE Super Fund> | N/A | 20,000,000 ordinary shares |
| MARK EDWARD ELLIOTT | Legacy Iron Ore Ltd | N/A | 228,839,384 ordinary shares |
| DECOLAND HOLDINGS PTY LTD | Decoland Holdings Pty Ltd <MEE Super Fund> | N/A | 20,000,000 ordinary shares |
| MARK & LINDA KERR | Mark & Linda Kerr | N/A | 36,698,833 ordinary shares |
| MARK GREGORY KERR | Lindmark Investments Pty Ltd | N/A | 8,350,000 ordinary shares |
| MARK GREGORY KERR | Berkeley Consultants Pty Ltd | N/A | 5,138,739 ordinary shares |
| BERKELEY CONSULTANTS PTY LTD | Berkeley Consultants Pty Ltd | N/A | 5,138,739 ordinary shares |
| LINDMARK INVESTMENTS PTY LTD | Lindmark Investments Pty Ltd <Staff Super Fund> | N/A | 8,350,000 ordinary shares |

| | | | |
|-------------------|---------------------|-----|-----------------------------|
| MARK GREGORY KERR | Legacy Iron Ore Ltd | N/A | 228,839,384 ordinary shares |
|-------------------|---------------------|-----|-----------------------------|

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant interest | Date of acquisition | Consideration (9) | | Class and number of securities |
|--|---------------------|-------------------|----------|--------------------------------|
| | | Cash | Non-cash | |
| LEGACY IRON ORE LTD | 15.10.2010 | \$1,373,036.30 | | 228,839,384 ordinary shares |
| DECOLAND HOLDINGS PTY LTD <MEE Super Fund> | 26.8.2010 | \$55,416.67 | | 7,916,667 ordinary shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:


| Name and ACN/ARSN (if applicable) | Nature of association |
|--|--|
| LEGACY IRON ORE LIMITED ACN 125 010 353 | Party to co-operation deed dated 3 October 2010 with Mark Edward Elliott and Mark Kerr which constitutes a relevant agreement for the purpose of controlling or influencing the composition of the board of directors of Hawthorn Resources Limited. A certified true copy of the co-operation deed dated 3 October 2010 accompanies this Form 603 Notice of initial substantial holder. |
| MARK EDWARD ELLIOTT | Party to co-operation deed dated 3 October 2010 with Legacy Iron Ore Limited and Mark Kerr which constitutes a relevant agreement for the purpose of controlling or influencing the composition of the board of directors of Hawthorn Resources Limited. |
| MARK GREGORY KERR | Party to co-operation deed dated 3 October 2010 with Mark Edward Elliott and Legacy Iron Ore Limited which constitutes a relevant agreement for the purpose of controlling or influencing the composition of the board of directors of Hawthorn Resources Limited. |

7. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|---|---|
| LEGACY IRON ORE LIMITED | Hyatt Centre, Suite 32, 23 Plain Street, East Perth, Western Australia 6004 |
| MARK EDWARD ELLIOTT | Level 2, 90 William Street, Melbourne Victoria 3000 |
| MARK GREGORY KERR | Level 2, 90 William Street, Melbourne Victoria 3000 |
| BERKELEY CONSULTANTS PTY LTD | Level 2, 90 William Street, Melbourne Victoria 3000 |
| DECOLAND HOLDINGS PTY LTD <MEE Super Fund> | Level 2, 90 William Street, Melbourne Victoria 3000 |
| LINDMARK INVESTMENTS PTY LTD <Staff Super Fund> | Level 2, 90 William Street, Melbourne Victoria 3000 |

Signature

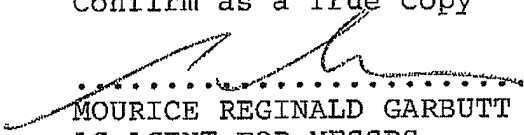
| | | | |
|------------|--|----------|-----------------------------------|
| print name | MOURICE GARBUTT AS AGENT FOR THE 'SUBSTANTIAL SHAREHOLDERS' NOTED IN PARAGRAPH 1 ABOVE | capacity | Agent for the Substantial holders |
| sign here |  | date | 19/10/2010 |

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.

- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Confirm as a True Copy



MOURICE REGINALD GARBUTT
AS AGENT FOR MESSRS
MARK GREGORY KERR AND
MARK EDWARD ELLIOTT

Date: 3 October 2010

Dated : 19 October 2010

Co-operation Deed

Hawthorn Resources Ltd

Legacy Iron Ore Limited (Legacy)

Mark Edward Elliott (Elliott)

Mark Gregory Kerr (Kerr)

MinterEllison

LAWYERS

Co-operation Deed

Hawthorn Resources Ltd

| | |
|---------------------------------------|-----------|
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Details

Date 3 October 2010

Parties

Name Legacy Iron Ore Limited
ACN 125 010 353
Short form name Legacy
Notice details Suite 32, 23 Plain Street, East Perth WA 6000
Facsimile: (08) 9421 2001
Attention: Ivan Wu

Name Mark Edward Elliott
Short form name Elliott
Notice details 189 Hotham Street, East Melbourne Vic 3002
Facsimile: (03) 9495 6773
Attention: Mark Elliott

Name Mark Gregory Kerr
Short form name Kerr
Notice details Level 2, 90 William Street, Melbourne Vic 3000
Facsimile: (03) 9605 5999
Attention: Mark Kerr

Background

- A Legacy has agreed with Hawthorn to be issued with 250,000,000 Shares.
- B Elliott and Kerr are directors of Hawthorn.
- C During the Co-operation Period, the parties have agreed to support the continuance in office as directors of Hawthorn of Elliott and Kerr, subject to fiduciary and statutory duties under the Corporations Act.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed:

Alternative Resolution means a resolution proposed at a general meeting of Hawthorn to elect or re-elect a person other than Elliott or Kerr as a director of Hawthorn.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this deed and Hawthorn was the designated body.

Business Day means:

- (a) for receiving a notice under clause 6, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia and Perth, Australia.

Business Hours means from 9.00am to 5.00pm on a Business Day.

Chairman in relation to a general meeting of Hawthorn means the person chairing the meeting.

Co-operation Period means the period:

- (a) commencing on the date of this deed; and
- (b) ending on the first to occur of the following:
 - (i) the earliest date that neither Kerr nor Elliott is a director of Hawthorn; and
 - (ii) the second anniversary of the date of this deed.

Corporations Act means the *Corporations Act 2001* (Cth).

Election Resolution means a resolution proposed at a general meeting of Hawthorn to elect or re-elect Elliott or Kerr as a director of Hawthorn.

Hawthorn means Hawthorn Resources Limited ACN 009 157 439.

Nominee means any entity holding Shares as nominee for Legacy or any Relevant Associate.

Relevant Associate means an Associate of Legacy other than Elliott or Kerr.

Removal Resolution means a resolution proposed at a general meeting of Hawthorn to remove Elliott or Kerr as a director of Hawthorn.

Share means a fully paid ordinary share in Hawthorn.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;

- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Perth, Australia time;
- (g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (l) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (m) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Co-operation

2.1 Association

The parties agree to be Associates of each other in supporting the continuation as directors of Hawthorn of Elliott and Kerr during the Co-operation Period.

2.2 Election Resolution

Subject to clause 2.5, during the Co-operation Period, each party must exercise or cause the exercise of voting rights attaching to all Shares in which the party has a relevant interest so that the Shares are voted in favour of any Election Resolution proposed at a general meeting held during the Co-operation Period.

2.3 Removal Resolutions

Subject to clause 2.5, during the Co-operation Period, each party must exercise or cause the exercise of voting rights attaching to all Shares in which the party has a relevant interest so that

the Shares are voted against any Removal Resolution proposed at a general meeting held during the Co-operation Period.

2.4 Alternative Resolution

Subject to clause 2.5, during the Co-operation Period, each party must exercise or cause the exercise of voting rights attaching to all Shares in which the party has a relevant interest so that the Shares are voted in favour of or against any Alternative Resolution at a general meeting held during the Co-operation Period:

- (a) solely as determined in relation to that Alternative Resolution by Elliott and Kerr; or
- (b) in the absence of such determination, not earlier than 2 Business Days prior to the general meeting, solely as determined by the party.

2.5 Statutory and Fiduciary Duties

Nothing in this agreement will oblige any party to act contrary to or in breach of their fiduciary duties and statutory duties under the Corporations Act.

3. Legacy proxies

3.1 Appointment

- (a) Subject to clause 2.5, if requested by Elliott and Kerr, Legacy must promptly appoint and cause any Nominee to appoint, and must cause each Relevant Associate holding Shares to appoint, a person nominated by Elliott and Kerr (which person may be Elliott or Kerr) as a proxy in respect of all Shares held by Legacy, the Nominee and each such Relevant Associate respectively to attend at any general meeting of Hawthorn held during the Co-operation Period where an Election Resolution, a Removal Resolution or an Alternative Resolution is proposed and vote on the Election resolution, the Removal Resolution or the Alternative Resolution as the proxy thinks fit.
- (b) If Legacy, a Nominee or a Relevant Associate appoints a proxy as provided in clause 3.1(a) in respect of any general meeting, Legacy must ensure that:
 - (i) the form appointing the proxy is properly signed or authenticated and provided to Hawthorn by the time and in the manner specified in the notice of the general meeting for the receipt of proxies;
 - (ii) none of Legacy, the Nominee and the Relevant Associate subsequently appoints or provides any other proxy in respect of that general meeting; and
 - (iii) none of Legacy, the Nominee and the Relevant Associate is present at the general meeting in any other capacity.

3.2 Attorney

Legacy irrevocably appoints, and must cause any Nominee and each Relevant Associate holding Shares to appoint, Elliott and Kerr jointly and severally as its attorneys to sign or authenticate and provide to Hawthorn any proxy form appointing any proxy provided in clause 3.1.

4. Disclosure and substantial holding

4.1 Disclosure

The parties confirm and acknowledge that as at the date of this deed, the total number of Shares in which all Relevant Associates, Legacy, Elliott and Kerr respectively have a relevant interest is 70,000,000.

4.2 Substantial holding

- (a) Each party agrees to give a notice of substantial holding in accordance with Part 6C.1 of the Corporations Act not later than 2 Business Days after the date of this deed. A composite notice given on behalf of each party will be sufficient for this purpose.
- (b) Each party acknowledges and agrees that a copy of this deed (endorsed with a statement that the copy is a true copy) will accompany the notice or composite notice as provided in clause 4.2(a).

5. GST

5.1 Interpretation

In this clause 5, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

5.2 GST gross up

If a party makes a supply under or in connection with this agreement in respect of which GST is payable, the consideration for the supply but for the application of this clause 5.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.

5.3 Reimbursements

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 5.2.

5.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this agreement until it receives a tax invoice for the supply to which the payment relates.

6. Notices and other communications

6.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post or facsimile to the recipient's address for Notices specified in the Details, as varied by any Notice given by the recipient to the sender.

6.2 Effective on receipt

A Notice given in accordance with clause 6.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the second Business Day after the date of posting (or on the seventh Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within eight Business Hours after the transmission, the recipient informs the sender that it has not received the entire Notice,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm on a Business Day, the Notice is taken to be received at 9.00am on the next Business Day.

7. Miscellaneous

7.1 Alterations

This agreement may be altered only in writing signed by each party.

7.2 Approvals and consents

Except where this agreement expressly states otherwise, a party may, in its discretion, give conditionally or unconditionally or withhold any approval or consent under this agreement.

7.3 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of each other party.

7.4 Costs

Each party must pay its own costs of negotiating, preparing and executing this agreement.

7.5 Stamp duty

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this agreement or any transaction contemplated by this agreement must be paid by the parties in equal shares.

7.6 Survival

Any indemnity or any obligation of confidence under this agreement is independent and survives termination of this agreement. Any other term by its nature intended to survive termination of this agreement survives termination of this agreement.

7.7 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

7.8 No merger

The rights and obligations of the parties under this agreement do not merge on completion of any transaction contemplated by this agreement.

7.9 Entire agreement

This agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

7.10 Further action

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transaction contemplated by it.

7.11 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or parts of the terms of this agreement continue in force.

7.12 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

7.13 Relationship

Except where this agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the parties.

7.14 Confidentiality

A party may only use confidential information of another party for the purposes of this agreement, and must keep any confidential information of another party confidential except where:

- (a) the information is public knowledge (but not because of a breach of this agreement) or the party has independently created the information;
- (b) disclosure is required by law or a regulatory body (including a relevant financial market);
or
- (c) disclosure is made to a person who must know for the purposes of this agreement on the basis that the person keeps the information confidential.

7.15 Announcements

A public announcement in connection with this agreement or any transaction contemplated by it must be agreed by the parties before it is made, except if required by law or a regulatory body (including a relevant financial market), in which case the party required to make an announcement must, to the extent practicable, first consult with and take into account the reasonable requirements of each other party.


7.16 Governing law and jurisdiction

This agreement is governed by the law of Victoria and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

Signing page

EXECUTED as a deed.

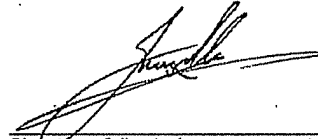
Executed by Legacy Iron Ore Limited



Signature of director

Sharon Heng

Name of director (print)



Signature of director/company secretary
(Please delete as applicable)
Ivan Wu

Name of director/company secretary (print)

**Signed sealed and delivered by Mark
Edward Elliott in the presence of**

Signature of witness

Name of witness (print)

Mark Edward Elliott

**Signed sealed and delivered by Mark
Gregory Kerr in the presence of**

Signature of witness

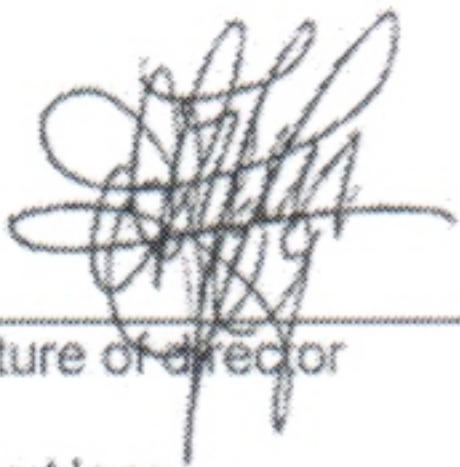
Name of witness (print)

Mark Gregory Kerr

Signing page

EXECUTED as a deed.

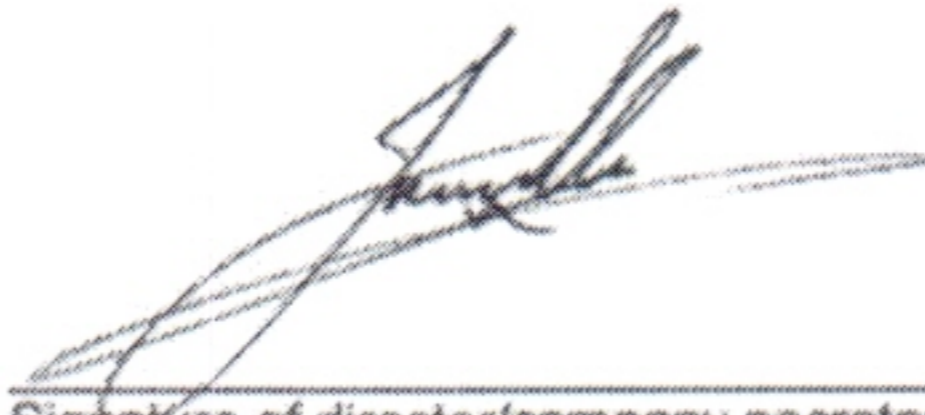
Executed by Legacy Iron Ore Limited



Signature of director

Sharon Heng

Name of director (print)

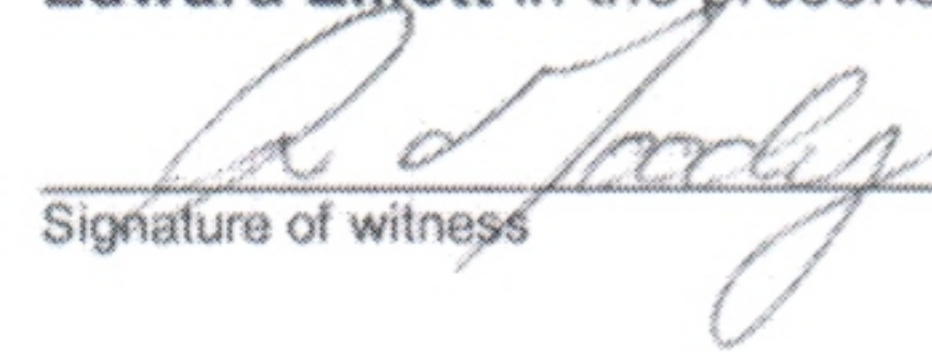


Signature of director/company secretary
(Please delete as applicable)

Ivan Wu

Name of director/company secretary (print)

Signed sealed and delivered by Mark Edward Elliott in the presence of



Signature of witness

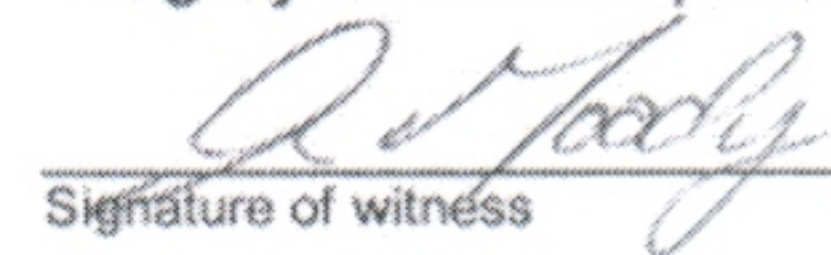
IAN MOODY

Name of witness (print)



Mark Edward Elliott

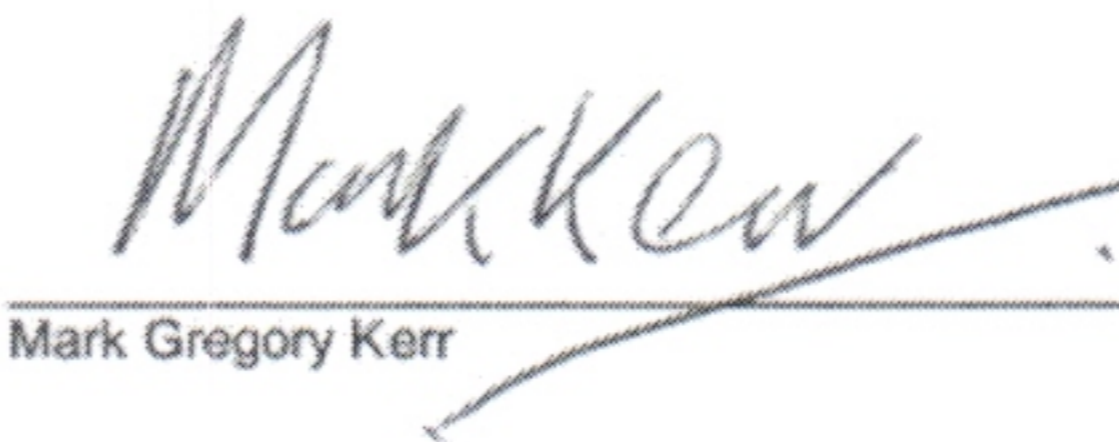
Signed sealed and delivered by Mark Gregory Kerr in the presence of



Signature of witness

IAN MOODY

Name of witness (print)



Mark Gregory Kerr